

The complaint

Mrs J and Mr R complain that Barclays Bank UK PLC incorrectly wrote to them and their tenants to say their mortgages were in arrears.

What happened

Mrs J and Mr R have a number of buy-to-let mortgages with Barclays.

In February 2025, Barclays sent letters to Mrs J and Mr R stating incorrectly that some of their mortgages were in arrears. They said that it sent over 44 letters. But Barclays also sent arrears letters to the mortgaged addresses. Mr R said 22 letters were sent to tenants.

Mrs J and Mr R said that some tenants have opened the letters. They said as a result of what happened and some tenants sent him violent and abusive messages. They said that his tenants communicate with each other so they all know about what happened. Mrs J and Mr R said it was deeply embarrassing as it was his local area and it had damaged Mr R's mental health. Mrs J and Mr R explained that they had experienced a significant number of serious problems with Barclays regarding their buy-to-let mortgages.

Mrs J said four tenants have moved out. As a result, they said they have lost out on rent and have to pay council tax, utility bills for the properties and other costs associated with the properties.

I issued a provisional decision proposing to uphold the complaint in part. My provisional findings, which form part of this decision, were:

I understand that Mrs J and Mr R have experienced a significant amount of problems with Barclays over a number of years. I don't want to downplay what they have been through – but I only have the power to consider this complaint. That is about the incorrect arrears letters that were sent to them and the mortgaged properties. That means I only have the power to make an award for any financial losses and/or the impact of what happened as part of this complaint.

While I can take into account that the distress caused to Mrs J and Mr R is likely to be greater because this was another mistake on top of the significant number of mistakes Barclays has made in the past in administering their mortgages, my award is solely for the impact of this matter on them, not anything else.

Barclays accepts that it sent arrears letters in error. It said out of 22 mortgages held by Mrs J and Mr R it incorrectly sent arrears letters on 11 of the mortgages to the mortgaged properties and on six mortgages to Mrs J and Mr R. It accepts that none of the mortgages were actually in arrears. It is not clear how many letters were sent to each of the properties. But I don't think that changes the impact on Mrs J and Mr R.

These are very serious mistakes for Barclays to make. It is a mortgage lender and its customers should be able to trust it to administer their mortgages professionally and carefully. These actions fell well below the standard a customer should reasonably expect

from a mortgage lender.

But I do not have the power to punish Barclays or to make sure that it does not make similar mistakes in the future. My powers are limited to awarding compensation to reflect any financial loss caused by what happened and for any pain, suffering, damage to reputation and distress or inconvenience.

I am afraid I am going to disappoint Mrs J and Mr R in respect of the financial loss. While I accept that the letters from Barclays may well have contributed to some of the tenants decision to leave the properties, there is no evidence that clearly supports it was the sole or main reason for any of the tenants leaving.

We have been given copies of the tenancy agreement for each of the four properties where Mrs J and Mr R said the tenants left because of this matter. Each of the agreements was an assured shorthold tenancy agreement for a fixed term of six months. They were taken out between 2011 and 2017. So the length of the tenancies was between around 7 and 14 years.

Ultimately, tenants leaving are part of running a property rental business and the associated cost of any void periods should be accounted for in the rent charged. I know Mrs J and Mr R will find this difficult to accept, but I do not see how in the circumstances I could fairly require Barclays to meet the costs associated with the tenants leaving or pay any compensation for any inconvenience caused in having to deal with the resulting voids. That leaves compensation for the impact on Mrs J and Mr R.

Some of the tenants opened the letters. And I accept that it is likely that the false information was spread between the tenants that Mrs J and Mr R's mortgage was in arrears. It also meant that they knew confidential information about how much they paid in mortgage payments. This will have damaged Mrs J and Mr R's reputation. I also accept that it will have caused them a great deal of embarrassment.

The letters clearly prompted a number of tenants to contact Mr R directly and make abusive and threatening comments – that will have added to his distress and inconvenience. That and this matter as a whole has caused Mr R significant worry and upset. He said it has caused him sleepless nights and he's suffered suicidal thoughts. And I accept that some additional distress is likely because these mistakes follow others that Barclays has made.

Barclays acknowledged its mistakes on 19 March 2025 – but I accept that there is likely to be some ongoing day-to-day impact as a result of this matter. Our guidance says that an award over £750 and up to £1,500 is likely to be fair where the impact of a business's mistake has caused substantial distress, upset and worry – even serious offence or humiliation. It could also be fair to award in this range if the business's actions resulted in a substantial short-term impact, but you'd usually see some ongoing effects.

The guidance says an award of over £1,500 and up to £5,000 is appropriate where the business's mistakes cause sustained distress, potentially affecting someone's health. A mistake that has an extremely serious short-term impact could also warrant this level of compensation, but usually you'd expect some acute ongoing effects. Once a person's health is affected, or an injury is sustained, you should consider making an award for pain and suffering.

I have thought very carefully about what is a fair award in all of the circumstances. I accept there has likely been a substantial short-term impact on Mrs J and Mr R – and that includes ongoing effects including some damage to Mr R's health – so a degree of suffering. But again, I am only looking at the impact of this specific complaint not the cumulative impact on

Mrs J and Mr R of all of their dealings with Barclays. In all the circumstances, I consider that an award of £2,000 would be fair to reflect any damage to reputation, pain and suffering, and distress and inconvenience caused to Mrs J and Mr R as a result of this matter.

Barclays accepted my provisional findings. Mrs J and Mr R did not. They responded to make a number of points, including:

- All of the properties were being sold with tenants in them. The letters scared the tenants into thinking the reason they were selling was going to get repossessed soon. It was not clear if we or Barclays had read the messages from the tenants.
- The tenants had no plans to leave before the letters were sent. They had been in the properties for years.
- It was wrong for Barclays to assume Local Housing Allowance tenants abide by tenancy agreements and to assume they had paid a deposit.
- I should consider the problems caused by Barclays over the past five years.
- Barclays knew there was a fault with its systems.
- He's had four empty houses paying council tax and utility bills in addition to lost rent. Three properties were empty six weeks to two months. One remains empty. The loss is between £9,000 and £10,000.
- There was an enormous amount of time, admin and stress sorting out the various bills for each of the properties.
- It was not clear why I had requested copies of the tenancy agreements. I should have taken into account the tenant had been living in the properties along time.
- The tenants only left because of the worry and panic caused by the letters.
- The proposed compensation does not reflect the impact on them over the past five years.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I have read the messages from the tenants to Mr R after Barclays sent the arrears letters. I appreciate they would have been difficult for him to read and will have caused upset. I can see that some of the tenants were concerned that their homes were going to be repossessed. But none of the messages I have seen say that the tenants plan to leave the property for that reason. Other than what Mrs J and Mr R have said, there is no evidence to support that any of the tenants moved out just because they'd received the letters.

I accept that it may have contributed to some of the tenants' decision to leave. But that is not enough for me to say that the letters were the main or sole cause of the tenants' decision. Therefore, I do not consider that I have sufficient evidence to say that the losses Mrs J and Mr R have claimed flow directly from Barclays' mistake. Nor can I say that Barclays should compensate them for the time spent dealing with the additional administration caused by

that.

Barclays would not be responsible for any damage caused to the properties. That was not a reasonably foreseeable consequence of its error.

The tenancy agreements were relevant so I could see how long the tenants had been in the properties, whether they were subject to a current tenancy agreement and who the agreements were between. Those are all relevant factors for me – and ultimately under our rule it is for me to decide what evidence I require to decide a complaint.

I accept the agreements showed the tenants had been there for many years. I do not agree that means that they were necessarily likely to continue to stay there. There are a number of reasons why a home may no longer continue to meet a tenant's needs after living there for many years, for example because of a change in their circumstances.

I only have the power to consider this complaint and the impact on Mrs J and Mr R of the events from February 2025. I accept that the distress has been compounded by the fact that Mrs J and Mr R have experienced a significant number of problems in recent years with Barclays' administration of their buy-to-let mortgages. But my award is not intended to compensate them for all of the stress and inconvenience caused by previous errors. My award only reflects the distress and inconvenience caused by this matter.

As I said, I accept that the previous problems will have added to the worry caused by this matter. In my provisional decision I set out our guidelines for making awards for non-financial loss. I accept there has been some damage to Mrs J and Mr R's reputation. Mr R said it has affected his health – and I accept this specific matter will have contributed to that. But this matter has been ongoing for around seven months. As I set out above, I don't consider Barclays is responsible for any stress or inconvenience caused by the additional administration caused by the tenants leaving.

I would stress again my award is only in relation to the complaint about the arrears letters. I've thought very carefully about all of the circumstances and everything Mrs J and Mr R have told us and I have reviewed everything they have said and provided. Having done so, I consider £2,000 is a fair amount in all the circumstances to compensate Mrs J and Mr R for any distress, inconvenience, pain, suffering and damage to reputation caused by this matter.

I appreciate that Mrs J and Mr R will be disappointed with the award I have made. I agree that Barclays made a very serious mistake. But I think my award is fair taking into account how we consider compensation. It is up to Mrs J and Mr R whether to accept my decision or not. If they don't they will be free to take action directly against Barclays if they wish.

My final decision

My final decision is that Barclays Bank UK PLC should pay Mrs J and Mr R £2,000.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J and Mr R to accept or reject my decision before 16 October 2025.

Ken Rose
Ombudsman